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EXECUTIVE PERQUISITE STUDY

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TABLE OF CONTENTS

	Page
PREFACE	2
PERQUISITES	
Company Owned or Leased Car for Personal Use	4
Medical Examinations	6
Club Memberships	8
Premium Payments for Comprehensive Medical Plan	10
Vacation Allowance in Excess of Company Policy	12
Premium Payments for Non-Qualified Supplemental Retirement Plan	14
Spouses' Travel Expense	16
Financial Planning	18
Premium Payment for Additional Medical Insurance	20
Low Cost Loans	22
Premium Payments for Additional Life Insurance	24
Company Paid Parking in Metropolitan Areas	26
Premium Payment for Split Dollar Insurance Plan	28
Premium Payment for Personal Catastrophe Liability Insurance	30
THOMAS R. CONLON & ASSOCIATES SCOPE OF CONSULTING CAPABILITY	32

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PREFACE

Based on the data acquired from 234 companies that participated in our survey, we are presenting a special study on Executive Perquisites.

The sales volume of our survey sample group ranged from approximately $4 million to well in excess of $1 billion dollars with an average sales volume of $201.7 million dollars. This information is presented merely to establish an order of magnitude.

What becomes apparent from our study is a diversity of management philosophies toward executive perquisites as a part of total additional compensation, but separate from the concept of short and long term incentives or bonus, appreciation grants, capital accumulation plans, stock options, etc.

We have concentrated on the eligibility for and the cost parameters of specific executive perquisites in designing our questionnaire to obtain the results of such management thinking towards executive perquisites. An analysis of our survey results reflects a lack of significant variations by industry or corporate size, when we use this approach.

Unfortunately, we received insufficient data to analyze certain perquisites. Therefore, these perquisites are excluded from our study.

Fortunately, we were able to obtain cost and eligibility data on a significant number of perquisites from a representative sample of participating companies to achieve the purpose of our Executive Perquisite Study. Our purpose was to provide more quantifiable data with respect to executive perquisites by determining what the cost parameters are for a specific perquisite and what criteria is being used for individual eligibility to receive a specific perquisite. This is the frame of reference required for an organization to evaluate the relative worth of a specific executive perquisite to them.

It is our intent to present the data we have accumulated as factually as possible and in a manner which allows maximum individual freedom of interpretation.

We wish to thank the participating firms and individuals whose survey responses have enabled us to complete this study.

Sincerely,

Thomas R. Conlon

Thomas R. Conlon
Managing Director

TRC/js

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COMPANY OWNED OR LEASED CAR FOR PERSONAL USE

Providing executives with the use of a company owned or leased car is a common perquisite with 56.4 percent of the 234 participants granting the perquisite. The company cars allocated by 132 participants were 72.7 percent rental cars and 27.3 percent purchased cars.

Whenever the type of car assigned was specified, it was usually related to organizational level.

Please see the following page for a cost and eligibility analysis.

COMPANY OWNED OR LEASED CAR

FOR PERSONAL USE

Number of Companies Providing Perquisite	132
Number of Executive Eligible	1674
Number of Executives Receiving (96.1% of eligible executives)	1608
Average Annualized Base Salary	$74,954
Average Annualized Cost of Perquisite (6.0% of average annualized base salary)	$ 4,530
Average Lowest Annualized Cost of Perquisite	$ 3,148
Average Highest Annualized Cost of Perquisite	$ 9,675

COMPANY ELIGIBILITY:

108 companies	Organization Level - Normally Corporate Vice President and Executives of Divisions, Groups and Subsidiaries with specific exceptions.
6 companies	Salary Grade - mid-point approximately $45,000.
18 companies	Discretionary or Informal.

MEDICAL EXAMINATIONS

Free medical examinations is another widespread perquisite with 38.5 percent of the 234 participants granting the perquisite.

Please see the following page for a cost and eligibility analysis.

MEDICAL EXAMINATIONS

Number of companies providing perquisite	90
Number of executives eligible	5058
Number of executives receiving (67.1% of eligible executives)	3396
Average Annualized Base Salary	$50,280
Average Annualized Cost of Perquisite (0.5% of average annualized base salary)	$ 269
Average Lowest Annualized Cost of Perquisite	264
Average Highest Annualized Cost of Perquisite	332

Company Eligibility:

72 companies	Organizational such as:
	Corporate Officers
	Corporate V.P. and above
	Company and Division Officers
	All Salaried Supervisors and Dept. Managers.
	Staff Level Manager and above
	All Exempt Employees.
17 companies	Salary Grade mid-point (avg. $45,000)
1 company	Combination of Corporate officer and above salary grade mid-point ($29,000)

CLUB MEMBERSHIP

Company paid club memberships for various types of clubs such as country clubs, luncheon clubs, downtown athletic, etc., is a fairly common perquisite with 25.6 percent of the 234 participating companies granting the perquisite.

Please see the following page for a cost and eligibility analysis.

CLUB MEMBERSHIPS

Number of Companies Providing Perquisite	60
Number of Executives eligible	602
Number of Executives Receiving (88.0% of eligible executives)	528
Average Annualized Base salary	$84,536
Average Annualized Cost of Perquisite (2.5% of average annualized base salary)	$ 2,107
Average Lowest Annualized Cost of Perquisite	$ 1,310
Average Highest Annualized Cost of Perquisite	$ 2,383

Company Eligibility:

30 companies	Corporate Officers
7 companies	Senior Officers
11 companies	Corporate V.P. and above
1 company	Top Management in One Division and Corporate Staff Executives
10 companies	Discretionary

PREMIUM PAYMENTS

FOR

COMPREHENSIVE MEDICAL PLAN

The premium payments for comprehensive medical plans which provide total coverage for medical expenses are paid by 17.9 percent of the 234 participating companies granting the perquisite.

Please see the following page for a cost and eligibility analysis.

PREMIUM PAYMENTS FOR COMPREHENSIVE MEDICAL PLAN

Number of Companies Providing Perquisite	42
Number of Executives Eligible	522
Number of Executives Receiving	522
Average Annualized Base Salary	$65,836
Average Annualized Cost of Perquisite (2.4% of average annualized base salary)	$ 1,596
Average Lowest Annualized Cost of Perquisite	$ 1,454
Average highest annualized Cost of Perquisite	$ 1,926

Company Eligibility:

15 companies	Corporate Vice President and above
12 companies	Corporate officers and above
4 companies	Corporate officers and Department Heads
1 company	Member Operating and Management Committee
2 companies	Corporate Vice President and Division General Managers
6 companies	Discretionary Basis

VACATION ALLOWANCE
IN EXCESS OF COMPANY POLICY

Vacation Allowance in excess of company policy is a significant perquisite with 15.4 percent of the 234 participating companies granting the perquisite.

Please see the following page for a cost and eligibility analysis.

VACATION ALLOWANCE IN EXCESS OF COMPANY POLICY

Number of Companies Providing Perquisite	36
Number of Executives Eligible	1290
Number of Executives Receiving (83.7% of eligible executives)	1080
Average Annualized Base Salary	$45,908
Average Annualized Cost of Perquisite (4.2% of average annualized base salary)	$ 1,946
Average lowest annualized Cost of Perquisite	$ 1,453
Average Highest Annualized Cost of Perquisite	$ 5,871

Company Eligibility:

12 companies	Corporate Vice President and above
4 companies	Salary Grade
19 companies	Corporate Officers
1 company	Two top officers of company

PREMIUM PAYMENTS FOR
NON-QUALIFIED SUPPLEMENTAL RETIREMENT PLAN

Although premium payments for non-qualified supplemental retirement plans represent a significantly high cost, 10.3% of the 234 participating companies grant this perquisite.

Please see the following page for a cost and eligibility analysis.

PREMIUM PAYMENTS FOR NON-QUALIFIED SUPPLEMENTAL RETIREMENT PLAN

Number of Companies Providing Perquisites	24
Number of Executives eligible	192
Number of Executives Receiving (87.5% of eligible executives)	168
Average Annualized Base Salary	$92,452
Average Annualized Cost of Perquisite (13.4% of average annualized base salary)	$12,414
Average Lowest Annualized Cost of Perquisite	$ 5,725
Average Highest Annualized Cost of Perquisite	$22,755

Company Eligibility:

16 companies	Corporate V.P. and above
5 companies	Corporate Officers
3 companies	Corporate Officers and Key Executives as determined by the Board of Directors.

SPOUSES' TRAVEL EXPENSE

Travel expenses incurred by spouses accompanying executives on business trips are paid by 7.7 percent of the 234 participating companies granting the perquisite.

Please see the following page for a cost and eligibility analysis.

SPOUSES' TRAVEL EXPENSE

Number of Companies Providing Perquisites	18
Number of Executives Eligible	252
Number of Executives Receiving	252
Average Annualized Base Salary	$65,048
Average Annualized Cost of Perquisite (3.3% of average annualized base salary)	$ 2,143
Average Lowest Annualized Cost of Perquisite	$ 1,100
Average Highest Annualized Cost of Perquisite	$ 3,000

Company Eligibility:

11 companies	Corporate V.P. and above. Approval of C.E.O.
6 companies	Determined on an individual basis.
1 company	Senior Staff members approved by Group V.P.

FINANCIAL PLANNING

Free financial planning services include professional advise regarding items such as investments, estate and tax planning, and often includes preparation of personal income tax returns.

Free services are provided to 7.7 percent of the 234 participating companies granting the perquisite.

Please see the following page for a cost and eligibility analysis.

FINANCIAL PLANNING

Number of Companies Providing Perquisite	18
Number of Executives Eligible	240
Number of Executives Receiving (45.0% of eligible executives)	108
Average Annualized Base Salary	$74,954
Average Annualized Cost of Perquisite (3.1% of average annualized base salary)	$ 2,333
Average Lowest Annualized Cost of Perquisite	$ 5,333
Average Highest Annualized Cost of Perquisite	$ 2,800

Company Eligibility:

12 companies	Corporate V.P. and above
6 companies	Corporate Officers

PREMIUM PAYMENTS FOR

ADDITIONAL MEDICAL INSURANCE

The premium payments for additional medical insurance are paid by 7.7 percent of the 234 participating companies.

Please see the following page for a cost and eligibility analysis.

PREMIUM PAYMENTS FOR ADDITIONAL MEDICAL INSURANCE

Number of Companies Providing Perquisite	18
Number of Executives Eligible	342
Number of Executives Receiving	342
Average Annualized Base Salary	$29,007
Average Annualized Cost of Perquisite (1.9% of average annualized base salaries)	$ 555
Average Lowest Annualized Cost of Perquisite	$ 317
Average Highest Annualized Cost of Perquisite	$ 1,430

Company Eligibility:

17 companies	Corporate V.P. and above
1 company	Officer of company and salary over $25,000

LOW COST LOANS

Low Cost Loans which are provided at a rate significantly lower than market rate are made available by 6.4% of the 234 participating companies.

Low Cost Loans ranged from 4 percent to 7 percent.

Please see the following page for a cost and eligibility analysis.

LOW COST LOANS

Number of Companies Providing Perquisite	15
Number of Executives Eligible	90
Number of Executives Receiving (26.7% of eligible executives)	24
Average Annualized Base Salary	$45,600
Average Annualized Cost of Perquisite (3.3% of average annualized base salary)	$ 1,500
Average Lowest Annualized Cost of Perquisite	$ 1,375
Average Highest Annualized Cost of Perquisite	$ 1,625

Company Eligibility:

8 companies	Corporate Vice President Level and above.
7 companies	Discretionary Basis

PREMIUM PAYMENTS FOR ADDITIONAL LIFE INSURANCE

The premium payments for additional life insurance are paid by 5.1 percent of the 234 participating companies.

Please see the following page for a cost and eligibility analysis.

PREMIUM PAYMENT FOR ADDITIONAL LIFE INSURANCE

Number of Companies Providing Payments	12
Number of Executives Eligible	607
Number of Executives Receiving (85% of eligible executives)	516
Average Annualized Base Salary	$33,380
Average Annualized Cost of Perquisite (7.9% of average annualized base salary)	$ 2,633
Average Lowest Annualized Cost of Perquisite	$ 2,633
Average Highest Annualized Cost of Perquisite	$ 2,633

Company Eligibility:

6 companies	Corporate Vice President and above.
6 companies	Corporate Officers.

COMPANY PAID PARKING

in

METROPOLITAN AREAS

Parking in metropolitan areas is company paid by 12 or 5.1 percent of the 234 participating companies.

Please see the following page for a cost and eligibility analysis.

COMPANY PAID PARKING

in

METROPOLITAN AREAS

Number of Companies Providing Perquisites	12
Number of Executives Eligible	66
Number of Executives Receiving	66
Average Annualized Base Salary	$76,376
Average Annualized Cost of Perquisite (1.1% of average annualized base salary)	$ 874
Average Lowest Annualized Cost of Perquisite	$ 874
Average Highest Annualized Cost of Perquisite	$ 874

Company Eligibility:

12 companies Corporate V.P. and above at Headquarters

PREMIUM PAYMENT FOR

SPLIT DOLLAR INSURANCE PLAN

These premium payments are paid by only 2.6 percent of the 234 participating companies and is a surprisingly low amount of companies.

Please see the following page for a cost and eligibility analysis.

PREMIUM PAYMENT FOR

SPLIT DOLLAR INSURANCE PLAN

Number of companies providing perquisites	5
Number of executives eligible	47
Number of Executives Receiving	47
Average Annualized Base Salary	$70,417
Average Annualized Cost of Perquisite (14.5% of average annualized base salary)	$10,200
Average Lowest Annualized Cost of Perquisite	$ 8,000
Average Highest Annualized Cost of Perquisite	$12,200

Company Eligibility:

4 companies	Corporate V.P. and above
1 company	President and Senior Vice President

PREMIUM PAYMENTS FOR
PERSONAL CATASTROPHE LIABILITY INSURANCE

These premiums, which protect the executive in the event of loss or individual blame, are paid by only 2.6 percent of the 234 participating companies.

Please see the following page for a cost and eligibility analysis.

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PREMIUM PAYMENTS FOR PERSONAL CATASTROPHE LIABILITY INSURANCE

Number of companies providing perquisite	6
Number of Executives eligible	65
Number of Executives Receiving	65
Average Annualized Base Salary	$62,454
Average Annualized Cost of Perquisite (0.79% of average annualized base salary)	$ 494
Average Lowest Annualized Cost of Perquisite	$ 442
Average Highest Annualized Cost of Perquisite	$ 524

Company Eligibility:

4 companies	Corporate V.P. and above
2 companies	Corporate Officers

THOMAS R. CONLON & ASSOCIATES

SCOPE OF CONSULTING CAPABILITY

TRC APPROACH TO CONSULTING

TRC Consulting is based on three essential concepts:

1. There is no individual solution or program applicable to all human problems; each requires a custom tailored solution built on the creative application of sound theory and practical experience to meet the demand of each client.
2. A consulting service must produce effective implementation of final recommendations for each client, not just sound design and development.
3. Long term success can only be attained by the client's own staff becoming involved in various phases of the assignment so that they are prepared to carry it out successfully.

TRC Services:

Organization Planning

Recognize and correct weaknesses in organization structure and management controls. Provide clarification of individual responsibilities, reporting relationships and coordination among organizational units.

Wage and Salary Structure and Administration

Establish defensible wage and salary structures and efficient methods of wage and salary administration. Analyze existing wage and salary patterns; assistance in position description writing; develop methods for the evaluation of positions; conduct special area or industry compensation surveys;

develop or update administrative methods and controls; implement changes or new approaches on special problems relating to scientific, professional, hourly or other personnel; provide solutions to compensation compression problems.

Sales Incentive Compensation

Design, develop and implement sales incentive plans to reward sales and sales management personnel for the increased profitability of sales.

Executive Compensation

Analyze the individual company approach toward executive total compensation. Review advanced approaches to the mix of executive total compensation composed of base salary, short and long term incentive bonus, stock options, perquisites, etc. Evaluate these plans on the basis of their short and long term value to the organization and their effectiveness in motivating executive performance.

Management and Manpower Planning

Study the method of selecting managers from within and outside the organization; manpower planning; improve supervisory and managerial skills of present personnel; establish developmental programs for executive, middle management and supervisory groups based on future replacement needs; develop performance appraisal programs.

TRC Services Continued:

Labor/Employee Relations

Analyze past experience to determine strengths and weaknesses in labor relations; provide assistance in such areas as petitions, elections, negotiations, grievance handling, arbitration and setting of long range objectives. In an unorganized environment provide the steps towards an open environment non-conducive to union organization.

Training

Evaluate current programs; determine training needs based on changing job requirements; assist in development and implementation of training programs; counseling on career development.

Employee Communications

Review current communications approaches; recommend revisions and innovations, only as required, in employee newspapers, pamphlets, handbooks, and other publications.

Human Resources Audits

Review of the human resources (personnel/industrial relations) departmental organizations, their place in the management structure; relationships with line executives and supervisors and with other departments; relationships of the headquarters staff with field management and personnel; training staff personnel in special techniques.

TRC QUALIFICATIONS

All associates of our firm are seasoned personnel professionals who gained their experience in a wide variety of industries. They make available to clients a solid foundation of academic training and practical experience.

All assignments are personally directed by our President.

Mr. Thomas R. Conlon, our President, is uniquely qualified to direct consulting assignments in the disciplines previously outlined as services. Mr. Conlon has a B.S. in Management from Fordham University and an MBA from New York University.

He began his career in Sperry Gyroscope as a Salary and Wage Analyst; had increasing personnel responsibilities covering all the disciplines of Personnel at RCA as well as two years of Marketing; provided services to the American Management Association in the development and publication of special studies in the compensation field; and with Allied Stores was Manager of Executive Compensation.

Mr. Conlon had over seven years of extensive consulting experience prior to forming Thomas R. Conlon & Associates. He has also served as discussion leader and lecturer for the New York Chamber of Commerce and Industry and with American Management Association Seminars. He has had several publications in the field of Compensation Program Development and Executive Compensation and stock option plans. Mr. Conlon has also been a faculty member at Long Island University Graduate School of Business and New York Institute of Technology.